

1 AN ACT

2 relating to certain municipal utility districts; granting a limited
3 power of eminent domain; providing authority to issue bonds;
4 providing authority to impose assessments, fees, or taxes.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subtitle F, Title 6, Special District Local Laws
7 Code, is amended by adding Chapter 8010 to read as follows:

8 CHAPTER 8010. LIBERTY COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

9 SUBCHAPTER A. GENERAL PROVISIONS

10 Sec. 8010.001. DEFINITIONS. In this chapter:

11 (1) "Board" means the district's board of directors.

12 (2) "Commission" means the Texas Commission on
13 Environmental Quality.

14 (3) "Director" means a board member.

15 (4) "District" means the Liberty County Municipal
16 Utility District No. 1.

17 Sec. 8010.002. NATURE OF DISTRICT. The district is a
18 municipal utility district created under Section 59, Article XVI,
19 Texas Constitution.

20 Sec. 8010.003. CONFIRMATION AND DIRECTORS' ELECTION
21 REQUIRED. The temporary directors shall hold an election to
22 confirm the creation of the district and to elect five permanent
23 directors as provided by Section 49.102, Water Code.

24 Sec. 8010.004. CONSENT OF MUNICIPALITY REQUIRED. The

1 temporary directors may not hold an election under Section 8010.003
2 until each municipality in whose corporate limits or
3 extraterritorial jurisdiction the district is located has
4 consented by ordinance or resolution to the creation of the
5 district and to the inclusion of land in the district.

6 Sec. 8010.005. FINDINGS OF PUBLIC PURPOSE AND BENEFIT. (a)

7 The district is created to serve a public purpose and benefit.

8 (b) The district is created to accomplish the purposes of:

9 (1) a municipal utility district as provided by
10 general law and Section 59, Article XVI, Texas Constitution; and

11 (2) Section 52, Article III, Texas Constitution, that
12 relate to the construction, acquisition, improvement, operation,
13 or maintenance of macadamized, graveled, or paved roads, or
14 improvements, including storm drainage, in aid of those roads.

15 Sec. 8010.006. INITIAL DISTRICT TERRITORY. (a) The

16 district is initially composed of the territory described by
17 Section 2 of the Act enacting this chapter.

18 (b) The boundaries and field notes contained in Section 2 of
19 the Act enacting this chapter form a closure. A mistake made in the
20 field notes or in copying the field notes in the legislative process
21 does not affect the district's:

22 (1) organization, existence, or validity;

23 (2) right to issue any type of bond for the purposes
24 for which the district is created or to pay the principal of and
25 interest on a bond;

26 (3) right to impose a tax; or

27 (4) legality or operation.

1 SUBCHAPTER B. BOARD OF DIRECTORS

2 Sec. 8010.051. GOVERNING BODY; TERMS. (a) The district is
3 governed by a board of five elected directors.

4 (b) Except as provided by Section 8010.053, directors serve
5 staggered four-year terms.

6 Sec. 8010.052. QUALIFICATIONS. Except for temporary
7 directors appointed under Sections 8010.053(a)(1)-(3), to be
8 qualified to serve as a director a person must meet the requirements
9 of Section 54.102, Water Code.

10 Sec. 8010.053. TEMPORARY DIRECTORS. (a) The temporary
11 board consists of:

12 (1) two directors appointed by the Liberty County
13 Commissioners Court;

14 (2) two directors appointed by the Cleveland
15 Independent School District; and

16 (3) one director appointed by the landowner of a
17 majority of the assessed real property in the district.

18 (b) Temporary directors serve until the earlier of:

19 (1) the date permanent directors are elected under
20 Section 8010.003; or

21 (2) the fourth anniversary of the effective date of
22 the Act enacting this chapter.

23 (c) If permanent directors have not been elected under
24 Section 8010.003 and the terms of the temporary directors have
25 expired, successor temporary directors shall be appointed or
26 reappointed as provided by Subsection (d) to serve terms that
27 expire on the earlier of:

1 (1) the date permanent directors are elected under
2 Section 8010.003; or

3 (2) the fourth anniversary of the date of the
4 appointment or reappointment.

5 (d) If Subsection (c) applies, the temporary directors
6 shall recommend to the commission persons to serve as successor
7 temporary directors. After reviewing the recommendations, the
8 commission shall approve or disapprove the successor temporary
9 directors. If the commission is not satisfied with the
10 recommendations, the commission may request additional
11 recommendations. On request by the commission, the temporary
12 directors shall submit additional recommendations.

13 SUBCHAPTER C. POWERS AND DUTIES

14 Sec. 8010.101. GENERAL POWERS AND DUTIES. The district has
15 the powers and duties necessary to accomplish the purposes for
16 which the district is created.

17 Sec. 8010.102. MUNICIPAL UTILITY DISTRICT POWERS AND
18 DUTIES. The district has the powers and duties provided by the
19 general law of this state, including Chapters 49 and 54, Water Code,
20 applicable to municipal utility districts created under Section 59,
21 Article XVI, Texas Constitution.

22 Sec. 8010.103. AUTHORITY FOR ROAD PROJECTS. Under Section
23 52, Article III, Texas Constitution, the district may design,
24 acquire, construct, finance, issue bonds for, improve, operate,
25 maintain, and convey to this state, a county, or a municipality for
26 operation and maintenance macadamized, graveled, or paved roads, or
27 improvements, including storm drainage, in aid of those roads.

1 Sec. 8010.104. ROAD STANDARDS AND REQUIREMENTS. (a) A road
2 project must meet all applicable construction standards, zoning and
3 subdivision requirements, and regulations of each municipality in
4 whose corporate limits or extraterritorial jurisdiction the road
5 project is located.

6 (b) If a road project is not located in the corporate limits
7 or extraterritorial jurisdiction of a municipality, the road
8 project must meet all applicable construction standards,
9 subdivision requirements, and regulations of each county in which
10 the road project is located.

11 (c) If the state will maintain and operate the road, the
12 Texas Transportation Commission must approve the plans and
13 specifications of the road project.

14 Sec. 8010.105. COMPLIANCE WITH MUNICIPAL CONSENT ORDINANCE
15 OR RESOLUTION. The district shall comply with all applicable
16 requirements of any ordinance or resolution that is adopted under
17 Section 54.016 or 54.0165, Water Code, and that consents to the
18 creation of the district or to the inclusion of land in the
19 district.

20 Sec. 8010.106. APPLICATION OF OTHER LAW. Chapters 232 and
21 233, Local Government Code, apply to the district. For the purposes
22 of those chapters, the district may take action in the same manner
23 as a county.

24 Sec. 8010.107. DIVISION OF DISTRICT. (a) The district may
25 be divided into two or more new districts only if:

26 (1) the district has no outstanding bonded debt; and

27 (2) the district is not imposing ad valorem taxes.

1 (b) This chapter applies to any new district created by the
2 division of the district, and a new district has all the powers and
3 duties of the district.

4 (c) Any new district created by the division of the district
5 may not, at the time the new district is created, contain any land
6 outside the area described by Section 2 of the Act enacting this
7 chapter.

8 (d) The board, on its own motion or on receipt of a petition
9 signed by the owner or owners of a majority of the assessed value of
10 the real property in the district, may adopt an order dividing the
11 district.

12 (e) The board may adopt an order dividing the district
13 before or after the date the board holds an election under Section
14 8010.003 to confirm the creation of the district.

15 (f) An order dividing the district shall:

16 (1) name each new district;

17 (2) include the metes and bounds description of the
18 territory of each new district;

19 (3) appoint temporary directors for each new district;

20 and

21 (4) provide for the division of assets and liabilities
22 between or among the new districts.

23 (g) On or before the 30th day after the date of adoption of
24 an order dividing the district, the district shall file the order
25 with the commission and record the order in the real property
26 records of each county in which the district is located.

27 (h) Any new district created by the division of the district

1 shall hold a confirmation and directors' election as required by
2 Section 8010.003.

3 (i) If the creation of the new district is confirmed, the
4 new district shall provide the election date and results to the
5 commission.

6 (j) Any new district created by the division of the district
7 must hold an election as required by this chapter to obtain voter
8 approval before the district may impose a maintenance tax or issue
9 bonds payable wholly or partly from ad valorem taxes.

10 (k) Municipal consent to the creation of the district and to
11 the inclusion of land in the district granted under Section
12 8010.004 acts as municipal consent to the creation of any new
13 district created by the division of the district and to the
14 inclusion of land in the new district.

15 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

16 Sec. 8010.151. ELECTIONS REGARDING TAXES OR BONDS. (a) The
17 district may issue, without an election, bonds and other
18 obligations secured by:

19 (1) revenue other than ad valorem taxes; or

20 (2) contract payments described by Section 8010.153.

21 (b) The district must hold an election in the manner
22 provided by Chapters 49 and 54, Water Code, to obtain voter approval
23 before the district may impose an ad valorem tax or issue bonds
24 payable from ad valorem taxes.

25 (c) The district may not issue bonds payable from ad valorem
26 taxes to finance a road project unless the issuance is approved by a
27 vote of a two-thirds majority of the district voters voting at an

1 election held for that purpose.

2 (d) Before the district may issue bonds, the district must
3 enter into an agreement with the developer, the Cleveland
4 Independent School District, and Liberty County for the transfer of
5 land for use as the sites of facilities for the school district and
6 for emergency services.

7 Sec. 8010.152. OPERATION AND MAINTENANCE TAX. (a) If
8 authorized at an election held under Section 8010.151, the district
9 may impose an operation and maintenance tax on taxable property in
10 the district in accordance with Section 49.107, Water Code.

11 (b) The board shall determine the tax rate. The rate may not
12 exceed the rate approved at the election.

13 Sec. 8010.153. CONTRACT TAXES. (a) In accordance with
14 Section 49.108, Water Code, the district may impose a tax other than
15 an operation and maintenance tax and use the revenue derived from
16 the tax to make payments under a contract after the provisions of
17 the contract have been approved by a majority of the district voters
18 voting at an election held for that purpose.

19 (b) A contract approved by the district voters may contain a
20 provision stating that the contract may be modified or amended by
21 the board without further voter approval.

22 SUBCHAPTER E. BONDS AND OTHER OBLIGATIONS

23 Sec. 8010.201. AUTHORITY TO ISSUE BONDS AND OTHER
24 OBLIGATIONS. The district may issue bonds or other obligations
25 payable wholly or partly from ad valorem taxes, impact fees,
26 revenue, contract payments, grants, or other district money, or any
27 combination of those sources, to pay for any authorized district

1 purpose.

2 Sec. 8010.202. TAXES FOR BONDS. At the time the district
3 issues bonds payable wholly or partly from ad valorem taxes, the
4 board shall provide for the annual imposition of a continuing
5 direct ad valorem tax, without limit as to rate or amount, while all
6 or part of the bonds are outstanding as required and in the manner
7 provided by Sections 54.601 and 54.602, Water Code.

8 Sec. 8010.203. BONDS FOR ROAD PROJECTS. At the time of
9 issuance, the total principal amount of bonds or other obligations
10 issued or incurred to finance road projects and payable from ad
11 valorem taxes may not exceed one-fourth of the assessed value of the
12 real property in the district.

13 SECTION 2. The Liberty County Municipal Utility District
14 No. 1 initially includes all the territory contained in the
15 following area:

16 A subdivision of 1,329.763 acres of land, being a portion of a
17 called 4,394.368 acre tract located in the James T. Dunman Survey,
18 Abstract No. 167, W. McWilkinson Survey, Abstract No. 317, H.T. & B.
19 R.R. Co. Survey, Abstract No. 443, Liberty County, Texas,
20 designated as Santa Fe Subdivision, Section One, Save and Except
21 Reserves A thru S of Santa Fe, Subdivision, Section One, a plat of
22 said subdivision recorded under Liberty County Clerk's File Number
23 2017-005075, of the Official Public Records of Liberty County,
24 Texas; and

25 Being 3,064.605 acres of land, being a portion of a called
26 4,394.368 acre tract located in the James T. Dunman Survey,
27 Abstract No. 167, H.T. & B. R.R. Co. Survey, Abstract No. 443, H.T.

1 & B. R.R. Co. Survey, Abstract No. 635, W. McWilkinson Survey,
2 Abstract No. 317, Charles Smith Survey, Abstract No. 350, B.B.B. &
3 C. Survey, Abstract No. 152, William H.B. Witham Survey, Abstract
4 No. 395, and the James Darwin Survey, Abstract No. 176, Liberty
5 County, Texas, a Deed as recorded under Liberty County Clerk's File
6 Number 2016-013974, of the Official Public Records of Liberty
7 County, Texas.

8 SECTION 3. (a) The legal notice of the intention to
9 introduce this Act, setting forth the general substance of this
10 Act, has been published as provided by law, and the notice and a
11 copy of this Act have been furnished to all persons, agencies,
12 officials, or entities to which they are required to be furnished
13 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
14 Government Code.

15 (b) The governor, one of the required recipients, has
16 submitted the notice and Act to the Texas Commission on
17 Environmental Quality.

18 (c) The Texas Commission on Environmental Quality has filed
19 its recommendations relating to this Act with the governor, the
20 lieutenant governor, and the speaker of the house of
21 representatives within the required time.

22 (d) All requirements of the constitution and laws of this
23 state and the rules and procedures of the legislature with respect
24 to the notice, introduction, and passage of this Act are fulfilled
25 and accomplished.

26 SECTION 4. (a) If this Act does not receive a two-thirds
27 vote of all the members elected to each house, Subchapter C, Chapter

1 8010, Special District Local Laws Code, as added by Section 1 of
2 this Act, is amended by adding Section 8010.108 to read as follows:

3 Sec. 8010.108. NO EMINENT DOMAIN POWER. The district may
4 not exercise the power of eminent domain.

5 (b) This section is not intended to be an expression of a
6 legislative interpretation of the requirements of Section 17(c),
7 Article I, Texas Constitution.

8 SECTION 5. (a) Section 8119.002, Special District Local
9 Laws Code, is amended to read as follows:

10 Sec. 8119.002. NATURE OF DISTRICT; FINDINGS OF PUBLIC
11 PURPOSE AND BENEFIT. (a) The district is created to serve a public
12 purpose and benefit [~~a municipal utility district in Montgomery~~
13 ~~County created under and essential to accomplish the purposes of~~
14 ~~Section 59, Article XVI, Texas Constitution]~~.

15 (b) The creation of the district is essential to accomplish
16 the purposes of:

17 (1) a municipal utility district as provided by
18 general law and Section 59, Article XVI, Texas Constitution; and

19 (2) Section 52, Article III, Texas Constitution, that
20 relate to the construction, acquisition, improvement, operation,
21 or maintenance of macadamized, graveled, or paved roads, or
22 improvements, including storm drainage, in aid of those roads.

23 (b) Subchapter C, Chapter 8119, Special District Local Laws
24 Code, is amended by adding Sections 8119.104 and 8119.105 to read as
25 follows:

26 Sec. 8119.104. AUTHORITY FOR ROAD PROJECTS. Under Section
27 52, Article III, Texas Constitution, the district may design,

1 acquire, construct, finance, issue bonds for, improve, operate,
2 maintain, and convey to this state, a county, or a municipality for
3 operation and maintenance macadamized, graveled, or paved roads, or
4 improvements, including storm drainage, in aid of those roads.

5 Sec. 8119.105. ROAD STANDARDS AND REQUIREMENTS. (a) A
6 road project must meet all applicable construction standards,
7 zoning and subdivision requirements, and regulations of each
8 municipality in whose corporate limits or extraterritorial
9 jurisdiction the road project is located.

10 (b) If a road project is not located in the corporate limits
11 or extraterritorial jurisdiction of a municipality, the road
12 project must meet all applicable construction standards,
13 subdivision requirements, and regulations of each county in which
14 the road project is located.

15 (c) If the state will maintain and operate the road, the
16 Texas Transportation Commission must approve the plans and
17 specifications of the road project.

18 (c) Chapter 8119, Special District Local Laws Code, is
19 amended by adding Subchapter D to read as follows:

20 SUBCHAPTER D. BONDS

21 Sec. 8119.151. BONDS FOR ROAD PROJECTS. At the time of
22 issuance, the total principal amount of bonds or other obligations
23 issued or incurred to finance road projects and payable from ad
24 valorem taxes may not exceed one-fourth of the assessed value of the
25 real property in the district.

26 (d) The legal notice of the intention to introduce this
27 section, setting forth the general substance of this section, has

1 been published as provided by law, and the notice and a copy of this
2 section have been furnished to all persons, agencies, officials, or
3 entities to which they are required to be furnished under Section
4 59, Article XVI, Texas Constitution, and Chapter 313, Government
5 Code.

6 (e) The governor, one of the required recipients, has
7 submitted the notice and section to the Texas Commission on
8 Environmental Quality.

9 (f) The Texas Commission on Environmental Quality has filed
10 its recommendations relating to this section with the governor, the
11 lieutenant governor, and the speaker of the house of
12 representatives within the required time.

13 (g) All requirements of the constitution and laws of this
14 state and the rules and procedures of the legislature with respect
15 to the notice, introduction, and passage of this section are
16 fulfilled and accomplished.

17 SECTION 6. (a) Section 8120.002, Special District Local
18 Laws Code, is amended to read as follows:

19 Sec. 8120.002. NATURE OF DISTRICT; FINDINGS OF PUBLIC
20 PURPOSE AND BENEFIT. (a) The district is created to serve a public
21 purpose and benefit [~~a municipal utility district in Montgomery~~
22 ~~County created under and essential to accomplish the purposes of~~
23 ~~Section 59, Article XVI, Texas Constitution]~~.

24 (b) The creation of the district is essential to accomplish
25 the purposes of:

26 (1) a municipal utility district as provided by
27 general law and Section 59, Article XVI, Texas Constitution; and

1 (2) Section 52, Article III, Texas Constitution, that
2 relate to the construction, acquisition, improvement, operation,
3 or maintenance of macadamized, graveled, or paved roads, or
4 improvements, including storm drainage, in aid of those roads.

5 (b) Subchapter C, Chapter 8120, Special District Local Laws
6 Code, is amended by adding Sections 8120.104 and 8120.105 to read as
7 follows:

8 Sec. 8120.104. AUTHORITY FOR ROAD PROJECTS. Under Section
9 52, Article III, Texas Constitution, the district may design,
10 acquire, construct, finance, issue bonds for, improve, operate,
11 maintain, and convey to this state, a county, or a municipality for
12 operation and maintenance macadamized, graveled, or paved roads, or
13 improvements, including storm drainage, in aid of those roads.

14 Sec. 8120.105. ROAD STANDARDS AND REQUIREMENTS. (a) A
15 road project must meet all applicable construction standards,
16 zoning and subdivision requirements, and regulations of each
17 municipality in whose corporate limits or extraterritorial
18 jurisdiction the road project is located.

19 (b) If a road project is not located in the corporate limits
20 or extraterritorial jurisdiction of a municipality, the road
21 project must meet all applicable construction standards,
22 subdivision requirements, and regulations of each county in which
23 the road project is located.

24 (c) If the state will maintain and operate the road, the
25 Texas Transportation Commission must approve the plans and
26 specifications of the road project.

27 (c) Chapter 8120, Special District Local Laws Code, is

1 amended by adding Subchapter D to read as follows:

2 SUBCHAPTER D. BONDS

3 Sec. 8120.151. BONDS FOR ROAD PROJECTS. At the time of
4 issuance, the total principal amount of bonds or other obligations
5 issued or incurred to finance road projects and payable from ad
6 valorem taxes may not exceed one-fourth of the assessed value of the
7 real property in the district.

8 (d) The legal notice of the intention to introduce this
9 section, setting forth the general substance of this section, has
10 been published as provided by law, and the notice and a copy of this
11 section have been furnished to all persons, agencies, officials, or
12 entities to which they are required to be furnished under Section
13 59, Article XVI, Texas Constitution, and Chapter 313, Government
14 Code.

15 (e) The governor, one of the required recipients, has
16 submitted the notice and section to the Texas Commission on
17 Environmental Quality.

18 (f) The Texas Commission on Environmental Quality has filed
19 its recommendations relating to this section with the governor, the
20 lieutenant governor, and the speaker of the house of
21 representatives within the required time.

22 (g) All requirements of the constitution and laws of this
23 state and the rules and procedures of the legislature with respect
24 to the notice, introduction, and passage of this section are
25 fulfilled and accomplished.

26 SECTION 7. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

H.B. No. 4334

1 provided by Section 39, Article III, Texas Constitution. If this
2 Act does not receive the vote necessary for immediate effect, this
3 Act takes effect September 1, 2017.

President of the Senate

Speaker of the House

I certify that H.B. No. 4334 was passed by the House on May 19, 2017, by the following vote: Yeas 137, Nays 7, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 4334 on May 26, 2017, by the following vote: Yeas 120, Nays 24, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 4334 was passed by the Senate, with amendments, on May 24, 2017, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor